



COMMITTEE of the WHOLE ***Budget Review*** ***CITY COUNCIL***

Minutes
October 26, 2016
Penn Room

COUNCIL MEMBERS PRESENT:

S. Marmarou, J. Waltman, J. Slifko, B. Twyman, M. Goodman-Hinnershitz, D. Reed, C. Daubert

OTHERS PRESENT:

L. Kelleher, C. Younger, G. Steckman, D. Cituk, J. Encarnacion, D. Pottiger, W. Stoudt, F. Lachat, A. Morriss, R. Johnson, W. Scott, C. Castner, B. Murray

The Committee of the Whole meeting was called to order at approximately 5:05 pm by Ms. Goodman-Hinnershitz.

I. WWTP Project – Consent Decree

Ms. Morriss, WWTP Manager, reviewed a Power Point presentation on the Consent Decree and the WWTP Project. The Consent Decree was signed by the City in 2007 and later amended to adjust the deadlines and project scope and for the 6th and Canal Pumping Station upgrade, the 19th Ward Pumping Station upgrade and the Liquid/Solids project. The deadlines were extended to 2018.

Ms. Morriss explained that metal levels in the solids are too high to allow their sale for land use. However, she stated that the levels are falling slightly and that the level is not unusual. She stated that staff is working to identify the source of the metal levels.

Ms. Morriss and Mr. Johnson explained that the methane gas created at the plant is reused as a heating source for some components in the WWTP process. They stated that in the future staff will seek out components to improve the sustainability of the plant when upgrades occur.

Ms. Morriss distributed a color map showing the location of all components at the plant, including those that will be demolished during this project. She described the many upgrades that are occurring, including new trickling filters which should resolve the odor issues. She noted that the odor issues in the Canal Street area are coming from the Pumping Station.

Mr. Johnson stated that the expected life span for the new components is approximately 20 years; however, the various components may last much longer.

Funding for the project to date has come from the following sources:

- Stag Grant - \$1M for 2 flow meter projects
- H2O Grant - \$6M for the force main and the digester
- PennVEST Loan - \$103M for the force main and the liquids/solids project (\$27M remains available for a future project)

Mr. Steckman stated that the City will be refinancing some bonds which will increase the City's ability to obtain bond funding for this project.

In response to a question from Mr. Twyman, Mr. Waltman explained that the Sewer Fund is a separate enterprise fund apart and separate from the General Fund. The Sewer Enterprise Fund is Fund 54, the General Fund is Fund 01.

Mr. Steckman explained that the Sewer Enterprise Fund has approximately 20K customers/sewer system users within the City and approximately 30K customers/sewer system users outside the City. The payments from these 50K combined sewer system customers are kept in the Sewer Fund. The bonds or loans taken to improve the WWTP plant are paid from the proceeds in the Sewer Fund; however, the City, as the owner of the plant, must guarantee any Sewer Fund debt.

Mr. Waltman noted that the Consent Decree limits the amount of money the City can transfer from the Sewer Fund into the General Fund – the amount is limited to \$3M annually. The amount paid by sewer system customers is defined by the IMAs (Inter-municipal Agreements) negotiated by the City and the municipality the customers live in. Mr. Waltman stated that Mr. Lachat will need to provide an update on the renegotiation of the IMAs. This item was placed on the parking lot.

Mr. Steckman explained that the Liquids/Solids was bid out a total of three (3) times; two (2) times with the PLA and one (1) time without the PLA. The last bid without the PLA also had language placing limits on the contractor's ability to request change orders. He noted that the overuse of change orders could allow the lowest bidder to charge much more than the original bid.

Mr. Steckman stated that the most recent bids submitted were reviewed by a committee that included Ms. Morriss, Mr. Johnson and RKK (the project manager). The committee made a recommendation to him and he made a recommendation to the mayor. The bids were also vetted by the DEP.

Two (2) firms submitted bids for the General Contractor work – Quandel at \$129M and Ronca at \$121M. He noted that Quandel's bid with the PLA was \$126M.

Mr. Steckman stated that the estimates were based on the engineering projections for the project about six (6) years ago. The estimates fell between \$109M and \$125M. He noted that the bids for the electrical and plumbing components of the Liquids/Solids project were lower without the PLA. He stated that all contractors will be required to pay the City's permit fees, the fees will not be waived.

Mr. Steckman stated that Quandel is a union shop but Ronca is not; however, it is believed that Ronca subcontracts to some union shops. He added that MBR and Pagoda (Berks County company) are union shops; however, it is unknown if Vision (Berks County company) is union or non-union. He noted that the RFP includes language regarding apprenticeships and encouraging women/minority businesses.

Mr. Johnson explained that various union shops are located in different municipalities. The City cannot require a successful bidder to use a specific union shop within a specific municipality. It is believed that the union shops for this project will come from the Philadelphia and/or Harrisburg areas.

In response to a question from Mr. Waltman, Mr. Steckman stated that there are no apparent conflicts between the recommended companies and City staff.

The need to educate the public about this project was discussed. Recommendations for a BCTV program, a flyer in the RAWA bill, newspaper articles or placement of the Power Point on the City's website were made.

Mr. Steckman stated that there are currently three (3) deadline clocks ticking – Consent Decree completion date, 60 day bid deadline, and PennVEST date.

The contracts for the Liquids/Solids project will appear on the November 14th regular meeting agenda for General Contracting, Electrical, Plumbing and HVAC under the Resolution heading.

Ms. Morriss, Mr. Lachat, Mr. Scott, Ms. Caster and Mr. Murray left the meeting.

II. Budget Review

1. Public Works

Mr. Johnson explained that the Garage budget contains Temporary Wages to provide support for the six (6) mechanics who staff the garage and service the City's fleet, small machines, DA's Office and Coroner's Office.

In response to a question from Ms. Reed, Mr. Johnson explained that taking on more outside contracts would require the Garage to hire more mechanics, which cannot occur right now due to the Salary Cap in the Act 47 Recovery Plan. He stated that normally the mechanics cover

day shift only; however, during weather events they are staffed round the clock to make repairs to the various vehicles that are needed to handle the event.

Mr. Steckman stated that various aspects of the garage will be studied next year. The study will include an evaluation of the City's rolling inventory to determine if we own too many vehicles that are retained and serviced for too many years.

Mr. Johnson stated that apparatus requiring special needs are sent out for repairs and maintenance.

The Traffic Engineering area includes a \$30K reduction for the electric utility, as it appears that that line item was over budgeted for several years. Mr. Johnson stated that costs for line painting and street lighting have increased as the City has ignored these projects for far too long.

It was noted that at one time the Traffic Engineering area employed a number of people and was located in the space now occupied by the 3rd Floor Conference Room. As attrition occurred, replacements did not occur. Traffic Engineering now has no employees. Mr. Johnson explained that Mr. Krall carries the burden of Traffic Engineering work. Mr. Steckman stated that the City will need to consider retaining an outside contractor to take on these functions, due to the Salary Cap.

In response to a question from Mr. Slifko, Mr. Steckman explained that the Salary Cap separates employees into four (4) groups – AFSCME (Rank & File 2766 and 1st Level Supervisors 3799), IAFF, FOP and Management (unrepresented). He stated that the Fire and Police Chiefs and Deputy Chiefs are considered a part of the Management group. Consultants, contracted services and part-time workers are not included in the Salary Cap. Current salaries cannot be increased unless there is available funding within one of the four (4) groups and new employees cannot be added to a group unless funding is available in the group. Funding cannot be transferred between groups.

Mr. Steckman stated that the Public Works Administration area salaries increased due to the creation of the Public Property Manager. It was noted that the former Public Property Foreman should cause a reduction in the Public Property area salary line item. However, there was no reduction. It was also noted that the Public Property Fringe Benefits shows a 36.8% increase with no increase or decrease in the Salary line item.

2. Rec Commission

Mr. Cituk noted the need to consider the contribution made to the Rec Commission. He suggested that the amount covered for back of house costs such as IT services, utilities, and maintenance be considered before the amount of the contribution is defined. Ms. Goodman-Hinnershitz noted that the School District has some exposure in this area also; however, the City bears a larger burden.

3. Liquid Fuels

Mr. Steckman and Mr. Johnson noted that the Liquid Fuels Vehicle line item should be decreased to reflect that the purchase of some vehicles were shifted to Capital – approximately \$150K.

III. Next Review Session

After some discussion, Council decided to review the Fire budget and Law budget on Monday, October 31st. The evening will also include an executive session regarding litigation and a discussion on the topics and dates for the remainder of the budget meetings.

The meeting adjourned at approximately 7:20 pm.

*Respectfully Submitted by
Linda A. Kelleher, CMC, City Clerk*